stratec

9M 2020 FINANCIAL RESULTS

Conference Call – November 5, 2020

SAFE HARBOR STATEMENT

Forward-looking statements involve risks.

This company presentation contains various statements concerning the future performance of STRATEC. These statements are based on both assumptions and estimates. Although we are convinced that these forward-looking statements are realistic, we can provide no guarantee of this. This is because our assumptions involve risks and uncertainties which could result in a substantial divergence between actual results and those expected.

It is not planned to update these forward-looking statements.

AGENDA

1. 9M 2020 HIGHLIGHTS
2. FINANCIAL REVIEW
3. OUTLOOK
4. Q&A
5. APPENDIX

9M 2020 AT A GLANCE

- Sales in 9M 2020 up organically by 13.1% yoy to € 179.1 million (9M 2019: € 158.3 million)
  - Organic growth of 22.4% in Q3 2020
- Adjusted EBIT in 9M 2020 up by 40.7% to € 28.1 million (9M 2019: € 20.0 million)
  - Adjusted EBIT in Q3 2020 up by 35.2%
- Achievement of major development milestones
  - e.g. launch of serial production for a polymer-based smart consumable in the field of flow cytometry
- New cooperation agreements concluded and several promising late stage negotiations regarding new development projects with partners
- Number of employees up by 2.6% to 1,315 → organic increase of 7.0%

UPDATE COVID-19 PANDEMIC

- Several STRATEC customers are at the forefront of containing the COVID-19 pandemic
- Significant proportion of genetic COVID-19 testing is performed on systems developed and manufactured by STRATEC
- Unbroken and unprecedented demand within certain product lines:
  - Number of molecular diagnostics analyzer shipments more than doubled yoy in 9M 2020
  - Additional demands for immunoassay solutions due to antibody screening tests
- Supply chain challenges in light of massive capacity ramp-up
- Health of our employees remains top priority

CONSTRUCTION WORK AT HEADQUARTER COMPLETED

BEFORE

> 20 Mio. € investment
+15.000 sqm for development, prototyping, storage and administration

NOW

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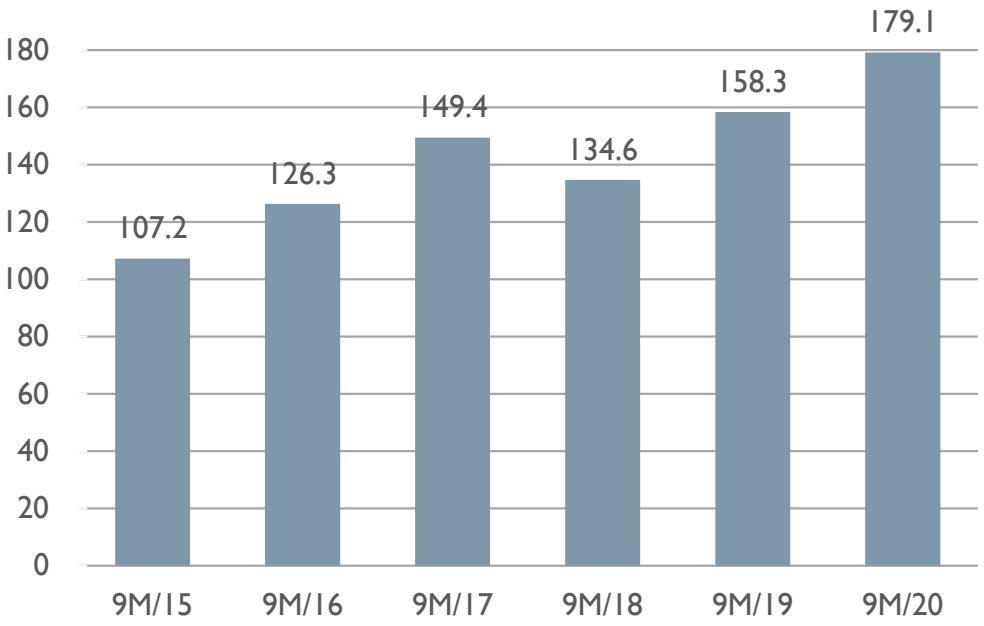
FINANCIALS AT A GLANCE[1]

€ 000s	9M/2020	9M/2019[2]	Change	Q3/2020	Q3/2019[2]	Change
Sales	179,082	158,336	+13.1%	59,715	49,732	+20.1%
Adjusted EBITDA	35,821	26,776	+33.8%	12,284	9,451	+30.0%
Adjusted EBITDA margin (%)	20.0	16.9	+310 bps	20.6	19.0	+160 bps
Adjusted EBIT	28,121	19,985	+40.7%	9,708	7,180	+35.2%
Adjusted EBIT margin (%)	15.7	12.6	+310 bps	16.3	14.4	+190 bps
Adjusted consolidated net income[3]	23,765	15,931	+49.2%	8,170	5,476	+49.2%
Adjusted basic earnings per share (in €)[3]	1.97	1.33	+48.1%	0.67	0.46	+45.7%
Basic earnings per share IFRS (in €)[3]	1.55	0.72	+115.3%	0.54	0.24	+125.0%

bps = basis points

1 To facilitate comparison, adjusted figures exclude amortization resulting from purchase price allocations in the context of acquisitions and associated reorganization expenses
2 Retrospectively adjusted to account for the recognition of the Data Solutions business unit as a discontinued operation pursuant to IFRS 5.
3 Consolidated net income from continuing operations.

SALES

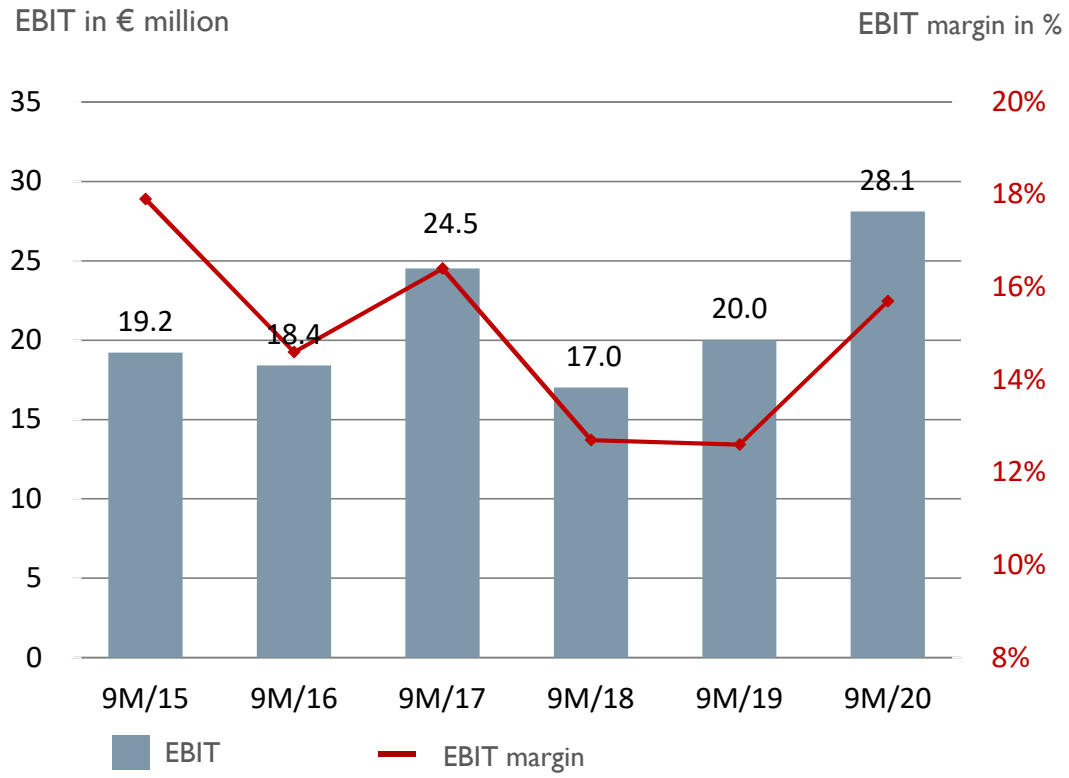


As of September 30

9M 2020 sales organically up by 13.1% yoy to € 179.1 million

- Double-digit growth with systems as well as service parts and consumables
- Continuing strong demand for MDx systems as a result of COVID-19 pandemic
- Significantly lower amount of recognized development revenues due to strong prior year comparison basis (particularly in Q2)

ADJUSTED EBIT AND EBIT MARGIN



As of September 30

9M 2020 adjusted EBIT up 40.7% yoy to € 28.1 million

9M 2020 adjusted EBIT margin at 15.7 %

Margin expansion of 310 bps yoy

- (+) Economies of scale
- (+) Positive sales and product mix
- (+) Earnings improvement initiative
- (-) Stock appreciation rights (negative margin effect of 280 bps)

CASH FLOW AND NET DEBT

€ 000s	9M/2020	9M/2019	Change
Cash flow – operating activities	18,898	11,086	+70.5%
Cash flow – investment activities	-15,041	-21,113	nm
Cash flow – financing activities	5,406	-7,228	nm
Free cash flow	3,857	-10,027	nm

€ 000s	9M/2020	FY/2019	Change
Cash and cash equivalents at end of period	27,568	22,708	+21.4%
Equity ratio (%)	50.3	53.1	-280 bps
Net debt	91,124	77,254	+18.0%

- Cash flow from operating activities up by 70.5% yoy to € 18.9 million due to increased profitability and lower cash tax payments
- Still elevated working capital levels as a result of COVID-19 pandemic
- Investment ratio[1] of 9.9% for the first nine months slightly below full year target corridor of around 10% to 12%

[1] Total investments in intangible and tangible assets in % of sales

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FINANCIAL GUIDANCE FOR FY 2020

- Group sales are expected to increase by 14.0% to 18.0% (at constant exchange rates; 2019 revenue basis of € 214.2 million)
  - Additional demand due to COVID-19 pandemic expected to remain high in Q4 2020

  → **Upper end of target corridor expected**

- Adjusted EBIT margin of around 15.5% to 16.5% (2019: 13.7%)
  - Sales and product mix expected to remain strong in Q4 2020

  → **Upper end of target corridor expected**

- Investments in tangible and intangible assets of around 10% to 12% of sales
  - After the completion of construction projects for capacity expansion, investment ratio will likely decline considerably from 2021 onwards

QUESTIONS & ANSWERS

APPENDIX

ADJUSTMENTS

EBIT

€ 000s	9M/2020	9M/2019[1]
Adjusted EBIT	**28,121**	**19,985**
Adjustments:		
PPA amortization	-6,071	-6,774
Expenses relating to transactions and associated restructuring expenses	0	-2,230
EBIT	**22,050**	**10,981**

[1] Retrospectively adjusted

Consolidated net income

€ 000s	9M/2020	9M/2019[1]
Adjusted consolidated net income from continuing operations	**23,765**	**15,931**
Adjusted earnings per share from continuing operations in € (basic)	**1.97**	**1.33**
Adjustments:		
PPA amortization	-6,071	-6,774
Expenses relating to transactions and associated restructuring expenses	0	-2,230
Taxes on income	946	1,676
Consolidated net income from continuing operations	**18,640**	**8,603**
Earnings per share from continuing operations in € (basic)	**1.55**	**0.72**

[1] Retrospectively adjusted

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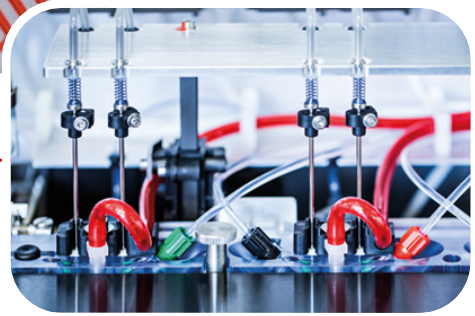

THANK YOU FOR YOUR ATTENTION

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